

Assembly Joint Resolution

No. 10

**Introduced by Assembly Member Grove
(Principal coauthor: Assembly Member Dahle)
(Coauthor: Assembly Member Donnelly)**

February 6, 2013

Assembly Joint Resolution No. 10—Relative to state debt.

LEGISLATIVE COUNSEL'S DIGEST

AJR 10, as introduced, Grove. State debt.

This measure would urge the federal government to not to take any action to redeem, assume, or guarantee state debt, and would urge the Secretary of State to report to Congress any negotiations to engage in an action that would result in an outlay of federal funds on behalf of state creditors.

Fiscal committee: no.

- 1 WHEREAS, Each state of the Union is a sovereign entity with
2 a constitution and the authority to issue sovereign debt; and
3 WHEREAS, Each state legislature has the authority to reduce
4 spending or raise taxes to pay the obligations to which the state
5 has committed itself; and
6 WHEREAS, The officials of each state of the Union are legally
7 obligated to fully disclose the financial condition of the state to
8 investors who purchase the debt of that state; and
9 WHEREAS, Congress has rejected prior requests from state
10 creditors for payment of defaulted state debt; and
11 WHEREAS, During the national financial crisis in 1842, the
12 United States Senate requested the Secretary of State to report any

1 negotiations with state creditors to assume or guarantee state debts,
2 to ensure that promises of federal government support were not
3 proffered; now, therefore, be it

4 *Resolved by the Assembly and the Senate of the State of*
5 *California, jointly,* That the Legislature respectfully urges (1) that
6 the federal government not take any action to redeem, assume, or
7 guarantee state debt, and (2) that the Secretary of the Treasury
8 report to Congress any negotiations to engage in an action that
9 would result in the outlay of federal funds on behalf of state
10 creditors; and be it further

11 *Resolved,* That the Chief Clerk of the Assembly transmit copies
12 of this resolution to the President and Vice President of the United
13 States, to the Speaker of the House of Representatives, to the
14 Minority Leader of the House of Representatives, to the Majority
15 Leader of the Senate, the Minority Leader of the Senate, and to
16 each Senator and Representative from California in the Congress
17 of the United States.